INVESTMENT

Leaders in Good Business and the Sustainability of the Profession

CPA Canada is invested in strategies that support the long-term viability of the profession. We are proud to champion best practices and resilience in the face of change – from innovative education and professional development, to the evolution of audit and financial reporting, to excellence in climate change adaptation and sustainability.

The right skills for the next generation of business leaders

The CPA Canada competency framework describes the knowledge, skills and proficiency that guide Canadian CPAs in practice, industry, government and other sectors. The purpose of the framework is to ensure that all members have a strong common foundation to work from to grow their career, along with the necessary values to succeed as a professional accountant.

This year CPA Canada continued development of the competency framework initiative to ensure that CPAs have the right skills for the future. Focus groups and interviews, along with a broader survey that received 3,698 member responses, were completed in fiscal 2018. The resulting preliminary research is being incorporated into professional learning and development offerings as well as pre-certification products for students studying to become CPAs.

The framework will reflect new business needs and the evolving challenges of CPAs operating in a complex global business environment – from how to harness the power of data analytics and new technologies, to instilling an increased focus on ethics and best business practices, to emphasizing core skills in adaptability, leadership and strategic foresight.
A top-quality education that lays the foundation for success

Collaboration with the provinces

CPA Canada is responsible for the development of the curriculum of the CPA Professional Education Program (CPA PEP). To support demand and ensure access to the profession through this program, CPA Canada also develops and maintains a suite of foundational courses, called CPA preparatory courses.

CPA PEP and CPA preparatory courses reflect an important ongoing partnership between CPA Canada and the provincial and regional CPA bodies, based on a commitment to harmonized, quality programming. This year saw over 5,776 new students enrolled in CPA PEP and 2,772 in CPA preparatory courses, with 7,222 CPA students writing the Common Final Examination (CFE) in September 2017.

CPA Canada participates in an education agreement with provincial and regional CPA bodies. This agreement lays out the responsibilities of each party in the profession regarding the development and delivery of education and examination components for both the CPA PEP, CPA preparatory courses, and the CFE.

Helping CPAs stay ahead of the curve

CPA Canada’s pre-certification education program is one of the main drivers of our profession’s sustainability. The curriculum is constantly evolving to integrate new trends and technologies while addressing the interests of employers and the marketplace.

To ensure we educate future accounting professionals to meet the needs of employers, society and the economy, and to maintain our position as a leader in business and accounting education, we are improving delivery methods, increasing quality control and streamlining the examination experience for our students.

Reporting from our data warehouse — an aggregation of various data sources from across the organization — continues to provide sharp insights and real-time information with improved reporting and grading capabilities for staff and our partners in CPA exam administration. The more we know about our students’ performance, the more we can improve and enhance the educational program.

Innovative opportunities to network, learn and grow

CPA Canada is proud to offer members and other business professionals a one-stop shop with access to the most relevant, timely and high-quality professional learning and development (PLD) opportunities. It is now easier than ever to take advantage of these opportunities with our enhanced customer service experience.

Our continuing education offerings range from online learning to 10 core in-person courses, as well as many conferences and special events that empower CPAs to optimize their potential as business and accounting leaders while meeting their annual continuing professional development requirements.

To enhance PLD at CPA Canada, we offer a wide range of courses, certificate programs, publications and conferences, as well as a robust online learning portfolio.

Online learning

In fiscal 2018, we expanded our digital options to reach more members and prioritize flexible, on-the-go professional development. This includes more than 150 flexible online learning options, including online courses, virtual classrooms, on-demand webinars and podcast series.

In-Depth Tax Course

We continued to refine the academic and technical rigour of the In-Depth Tax Course, a three-year program recognized as one of Canada’s most comprehensive tax training programs, with a focus on important topics for tax specialists. The In-Depth program now includes a more substantial ethics component and enhanced technology that makes content more accessible and relevant to students. Fiscal 2018 saw 598 students graduate from the In-Depth Tax Course.
Not-for-Profit Certificate Program
Launched this year to meet increasing demand from our members, this certificate focuses on equipping CPAs, senior leaders and board members in the not-for-profit sector with up-to-date technical, financial and operational skills.

Public Sector Certificate Program
An in-depth training experience for CPAs who want to advance their career in government and learn more about specific issues such as public sector accounting, financial management, financial reporting, governance and decision-making.

Certificate in Driving Organizational Profit and Performance
A program designed for business leaders who want to enhance their organization’s bottom line, ensure strategic alignment and better manage and mitigate risk.

Professional Engagement Guide (PEG)
The successor publication to the legacy Canadian Professional Engagement Manual (CPEM) and Public Practice Manual, PEG is a new consolidated form that was published in September 2017 to aid in early financial engagement planning for members.

Professional conferences for CPAs
CPA Canada hosts and participates in many prominent conferences for business and accounting professionals throughout the year, often with specialty focus areas and streams that reflect the diverse professional pursuits of CPAs. Our core annual conferences include:
• The ONE National Conference
• Conference for the Oil and Gas Industry
• Commodity Tax Symposium
• Conference for Audit Committees
• Public Sector Conference
• Not-for-Profit Executive Forum

We partnered with other organizations to support the following events as well:
• National Forum on Technology Solutions
• AICPA Women’s Global Leadership Summit
• AICPA ENGAGE Conference
• Canadian Conference on IT Audit, Governance and Security
• IFRS Conference: Americas

The value of digital is on the rise:

- **Participants from around the world**: 2,205
- **CPAs took an in-person or online course**: 7,500
- **37% of CPAs live outside of major urban areas**
- **People attended conferences virtually**: 614
The ONE National Conference 2017

Our annual national conference was a record-breaking success. The ONE is CPA Canada’s premier professional development opportunity for CPAs, and this year’s event was jointly presented with CPA Ontario in Ottawa in September 2017. It featured four different tracks for members to customize their experience with sessions on management accounting and finance, leadership, taxation, and financial reporting and accounting.

More than 1,500 people attended The ONE 2017, coming from every province and territory, as well as from across the United States and abroad.

The beautiful capital provided an ideal setting to ring in Canada’s 150th birthday as a nation, aligning with our theme of “Sustainability Through Resilience.” The conference fittingly kicked off with a special opening video greeting from Prime Minister Justin Trudeau, while two cabinet ministers spoke at The ONE: the Honourable Bill Morneau, Minister of Finance, and the Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development, who is a FCPA, FCMA.
Evaluating NOCLAR in a Canadian context

Last year the Canadian profession began considering a new international ethics standard added to the International Ethics Standards Board for Accountants (IESBA) code of ethics for professional accountants (IESBA Code). This was created in response to the new non-compliance with laws and regulations (NOCLAR) standard. The new standard sets out a framework for professional accountants when handling known or suspected NOCLAR, including whether the incident should be disclosed to the appropriate authorities.

In Canada, the provincial rules of professional conduct must be as stringent as the IESBA Code unless there is a legal, regulatory or public interest reason to differ. The CPA profession’s Public Trust Committee is currently evaluating NOCLAR changes to the IESBA Code in relation to the CPA profession’s existing ethical standards and within the context of Canadian laws, regulations and the public interest.

In addition to evaluating the NOCLAR standard, we have worked to stimulate greater accountability among organizations and protect stakeholders from substantial harm by issuing an audit and assurance alert regarding Canadian Auditing Standard (CAS) 250, Consideration of Laws and Regulations in an Audit of Financial Statements, which has been updated to acknowledge NOCLAR. This alert covered key information for auditors, including revised expectations for audit procedure and the pertinent conforming amendments for CAS.
CPA Canada provides funding, staff and other resources to support independent standard-setting boards and their network of more than 250 volunteers.

We do this because high-quality accounting and auditing standards protect the health of our economy, capital markets and the financial reporting supply chain. They ensure equality, fairness and transparency, providing a common and essential measurement for Canadians to assess organizations and the credibility of their financial results.

Substantial work on reporting and assurance matters is being done by the Accounting Standards Board (AcSB), the Public Sector Accounting Board (PSAB) and the Auditing and Assurance Standards Board (AASB). We develop relevant guidance that supports standards implementation, including ongoing activities to enhance GAAP and non-GAAP reporting and other regulatory reporting practices. Our voice supporting standards in Canada and in a global context remains strong.

A prime example of this support in a global context was in our partnership with the IFRS® Foundation to host the 2017 IFRS Conference: Americas in Toronto. This gathering was particularly noteworthy because it brought together the chairs of the international, U.S. and Canadian accounting standards boards, with all three chairs engaging in a panel discussion.
Maintaining audit quality and value

CPA Canada maintains confidence and supports economic stability by providing boards and organizational leaders with the right tools and insights to enhance audit quality and value. We continue to work with the Canadian Public Accountability Board, provincial and territorial CPA bodies, national accounting firms and other key organizations to provide thought leadership that advances best practices and ensures our members adopt those practices. Guidance and support produced this year includes:

• Two guides, one on the reporting implications of CSRE 2400, the new review engagement standard, and one on the new and revised auditor reporting standards to promote consistency in practitioner reports
• Audit data analytics (ADA) guidance on why CFOs and audit committees should consider the use of ADA in financial statements
• Members of CPA Canada’s Audit Data Analytics Committee hosting a panel on the use of ADAs and the evolution of the audit with practitioners and academics at the 10th Biennial Symposium for the University of Waterloo’s Centre for Information Integrity and Information Systems Assurance in October 2017

• An online survey and report, in collaboration with FEI Canada, for CPA members on management’s role in the audit process and what managers can do to positively influence audit quality within their organizations
• A formal public submission in response to the Monitoring Group’s consultation paper on proposals to strengthen governance and oversight of audit-related standard setting
• Specific guidance for audit committees, including:
  — Key Performance Indicators: A Tool for Audit Committees, which is designed to help members develop a comprehensive process for KPI oversight in an issuer’s MD&A and earnings press release
  — A three-part video describing the roles and responsibilities of an external auditor
• Audit quality blog posts on:
  — Audit regulator CPAB’s progress with the audit quality indicator (AQI) pilot project, which showcases the potential usefulness of AQIs and how to integrate them into regular processes
  — A stakeholder forum hosted in Vancouver about enhancing investor confidence in information beyond financial statements, working with the AASB to ensure the continued value of audits
  — The new U.S. auditor reporting standard, which contains significant differences from Canadian auditor reporting standards, and what the implications are for Canada – particularly with respect to key audit matter reporting
  — Whether or not KPIs should be subject to independent assurance in the same way financial statements are as a means of enhancing audit relevance for investors
Fostering trust and accountability

Trust in financial reporting is essential to the health and stability of our economy. CPA Canada supports increased transparency in financial reporting because it helps ensure that public confidence is high and our country’s capital markets are efficient and competitive. We accomplish this by providing leadership and support to improve the quality of information provided to investors and working with like-minded organizations to effect change and develop more effective and efficient reporting for capital markets.

International Integrated Reporting Council (IIRC):

CPA Canada has been a member of IIRC since 2015. IIRC promotes the worldwide implementation of a principles-based framework to enhance the usefulness of companies’ business reporting on how they create value over time. Canadian capital markets already function within a mature regulatory reporting regime, but we are committed to considering the concepts and principles of the IIRC integrated reporting framework and plan to align our reporting with these guidelines as appropriate in subsequent years.

International Accounting Standards Board (IASB):

As a member organization of the IFRS Foundation, CPA Canada supports IFRS Standards set by the IASB. These provide guidance on complex accounting issues and recommendations for the application of new and existing standards, which are adopted by publicly accountable enterprises in Canada.

Accounting Standards for Private Enterprises (ASPE):

We published significant guidance materials on standards created by ASPE, including an alert on annual improvements and two in-depth briefings that support the application of ASPE for investments and amalgamations of wholly owned subsidiaries.

International Accounting Standards Board (IASB):

In July 2017, the Accounting Standards Board (AcSB) released the 2017 annual improvements to accounting standards for private enterprises (ASPE) in Part II of the CPA Canada Handbook—Accounting. The annual improvements to ASPE are an integral part of the IFRS framework.

Why Do the 2017 Annual Improvements to ASPE Matter to Me?

Understanding the 2017 Annual Improvements to ASPE is important to ensure compliance with ASPE as the standards are updated. These amendments should be reviewed by the following entities to determine whether they are affected:

- Private enterprises that apply Part II of the CPA Canada Handbook—Accounting
- Not-for-Profit Organizations (NFPOs) using the standards in Part III. Note that Part III directs NFPOs to Part II for guidance, unless there is a separate standard in Part III. Therefore, the amendments summarized above are generally applicable to NFPOs. The presentation of the balance sheet is addressed in Part III, Section 4400, Financial Statement Presentation by Not-for-Profit Organizations. It is the primary source; Section 1521 and the amendments are also relevant.

DECEMBER 2017

Financial Reporting Alert

ASPE

An Introduction to Accounting for Cryptocurrencies

Transparency and the future of financial reporting
Honouring Canada’s top achievers in corporate reporting

High-quality reporting not only inspires trust in business, it enhances corporate accountability and helps protect the public interest. That’s why CPA Canada was pleased to recognize listed companies and Crown organizations that are raising the bar for corporate reporting in Canada.

The 2017 Awards of Excellence in Corporate Reporting were presented in December at a gala event in Toronto. This gathering honoured outstanding achievements across four judging categories: financial reporting, sustainability reporting, corporate governance disclosure and electronic disclosure.

This year, there were 27 winners and all entrants received a confidential assessment of how their work measured up against best practices, along with specific value-added recommendations to help them improve future reporting.

BMO Financial Group, Barrick Gold Corporation, Goldcorp and Teck received top honours with platinum awards.

CPA Canada Response to Canadian Securities Administrators (CSA)

Our official letter to the CSA was a significant undertaking that addressed CPA Canada’s proposed considerations for reducing regulatory burden. During the consultation period, we advocated for a comprehensive review of existing reporting to ensure the system meets the evolving needs of investors, including demands for more integrated disclosure about how companies create value over the short, medium and long term.

We believe this is an opportune time to modernize corporate reporting and explore how regulatory requirements can adapt to account for new technologies. We also encouraged the CSA to eliminate duplicate disclosures, explore streamlined requirements for smaller issuers and improve the quality of reporting through targeted education and guidance.
Investing in a bright, sustainable future that benefits business and society

Canadian Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network

We have joined forces with The Prince of Wales’s Accounting for Sustainability Project (A4S) to bring the CFO Leadership Network to Canada. It was successfully launched in 2017 and is the first group of its kind to focus on the role CFOs play in integrating environmental and social issues into financial decision-making. This opportunity will allow us to share knowledge and insights, develop new sustainability-focused resources and reach new markets.

Fiscal 2018 saw the launch of three initial projects for the CFO Leadership Network:
• Managing the future today by developing a strategic response to the risks and opportunities posed by major social and environmental trends
• Offering practical advice and solutions to support social and human capital accounting
• Incentivizing action by working with finance teams to encourage stakeholders along the value chain to take action on sustainability

The Canadian chapter provides a forum for CFOs and their teams across sectors to address common challenges regarding how to embed sustainability into decision-making for senior leaders – a key step in our journey to support the growth of sustainable business models and a more sustainable economy in Canada.

Award-winning work in sustainability and thought leadership

CPA Canada won two prestigious awards presented by The Accountant and International Accounting Bulletin, publications based in the U.K. CPA Canada was named Sustainability Champion of the Year for its concerted effort to help organizations integrate environmental and social issues into strategic planning and financial decision-making.

As noted earlier, CPA Canada also won the Thought Leadership Initiative of the Year Award from the two publications for its financial literacy program. The awards were presented at the Digital Accountancy Forum and Awards held in October 2017 in London, England. President and CEO Joy Thomas and Senior Vice-President Tashia Batstone were on hand to accept the awards and represent CPA Canada.
As the world changes, so does the profession’s potential for economic and social impact. CPA/Canada continues to be a leader in navigating the challenges and opportunities of climate change as a business issue.

Support for the Financial Stability Board’s approach to climate change disclosure
CPA Canada is a leader among global accounting bodies in support of climate change disclosure. We signed a voluntary statement of support for the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD’s recommendations will catalyze more consistent, comparable and reliable disclosure of climate-related information to facilitate sustainable businesses and more informed investment decision-making.

Global Best Practices in Investment Strategies for Climate Change
CPA Canada invited Canadian investors and the business community to learn about global best practices in climate change investment strategies – led by Zoë Knight, the Global Head at the Climate Change Centre of Excellence with HSBC. This engaging presentation was followed by a lively Q&A session about how to put the TCFD recommendations in a Canadian context.

Climate Change Briefing: Questions for Directors to Ask
As a pressing issue that affects all companies, both public and private, climate change has wide-ranging implications for shareholder value, strategy, risk management and financial performance. This briefing explores those topics as relevant to the oversight responsibilities of directors, which can ultimately help management understand the board’s and their own role in assessing and managing the risks and opportunities that climate change can bring.

From left: Dustyn Lanz, Chief Operating Officer, Head of Communications and Member Affairs, Responsible Investment Association; Sarah Keyes, Principal of Strategy, Risk and Performance, CPA Canada; Julie Ambachtsheer, Director of Programs, Responsible Investment Association; and Zoë Knight, Global Head of the Climate Change Centre of Excellence, Global Research, HSBC.
The Time Value of Carbon: Smart Strategies to Accelerate Emission Reductions

The investment decisions of today will affect the business and environment of tomorrow. This report examines how the right accounting practices can support efforts to curb greenhouse gas emissions, offering information, tools and decision-making recommendations to mitigate risk and improve long-term outlooks.

Survey and plenary session at the FEI Conference

We collaborated with FEI on a short pulse survey among FEI members and stakeholders, who are mostly CPAs, to explore climate change as a business issue. The results were shared at the June 2017 conference and discussed in a moderated session on the implications of climate change for Canadian businesses. Both activities raised awareness and also changed perspectives: 62 per cent of attendees considered climate change a top business issue by the end, versus 33 per cent beforehand. Increasing understanding is how we can move the needle on environmental, social and economic risk.

GLOBE Forum 2018: a leadership summit for sustainable businesses

CPA Canada is a thought leader in climate change and sustainability. We enhanced our profile in this area at the GLOBE Forum, North America’s largest sustainability conference, in March 2018. We secured a significant amount of exposure and engagement from participants by convening a panel session for CFOs on sustainability, sponsoring the popular annual women’s networking lunch and providing several sets of opening remarks throughout the forum, including an introduction to an event for the Task Force on Climate-Related Financial Disclosures.